

**DBEDT**  
THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM  
STATE OF HAWAII



# ***QUARTERLY STATISTICAL & ECONOMIC REPORT, Executive Summary September 2002***

## ***TABLE of CONTENTS, Exec Summary***

<b>Part I. Economic Trends and Outlook</b>	
State of the Economy	3
Outlook of the Economy	4
Actual & Forecast Key Economic Indicators for Hawaii: 2000-2005	5
County Economic Conditions	6
2002 Selected Economic Activities:	
Table 1. State	7
Table 2. City & County of Honolulu	8
Table 3. Hawaii County	9
Table 4. Maui County	10
Table 5. Kauai County	11
<b>Part II. Economic Overview and Data</b>	
A. Labor Force and Jobs	12
A-5. Total Wage and Salary Jobs	13
B. Income and Prices	14
B-1. Personal Income by Major Sources	15
B-9. Honolulu and U.S. CPI-U	16
C. Tax Revenues	17
C-1. Genl Fund Tax Rev & Major Comp	18
D. Tourism	19
D-1. Visitor Arrivals & Aver Daily Visitor Census- By Air	20
D-11. Hotel Occupancy Rate	21
E. Construction	22
E-1. Estim Value of Completed Construction, New Priv Bldg Auth & Gov't Contracts Awarded	23
F. Other Indicators	25

This *Quarterly Statistical and Economic Report* has been prepared by the staff of the Research and Economic Analysis Division of the State Department of Business, Economic Development & Tourism (DBEDT). The report provides concise statistical information and analyses on Employment, Income and Prices, Taxes, Tourism, and Construction, as well as an overview of the State of Hawaii and the four counties.

Director, Dr. Seiji F. Naya, heads the department. This report was prepared under the direction of the division administrator, Dr. Pearl Imada Iboshi.

Technical notes and source descriptions have been kept to a minimum. However, the staff of the Research and Economic Analysis Division would be happy to respond to any inquiries of a technical nature that readers may have (586-2466). The quarterly information contained in this report reflects data received by the Research Division on or before September 23, 2002.

#### On-line availability of *Quarterly Statistical and Economic Report*

Since 1988, the Hawaii Department of Business, Economic Development & Tourism has had the *State of Hawaii Data Book* available on-line to anyone with a personal computer and a modem. Since 1997, the *Quarterly Statistical and Economic Report*, *State of Hawaii Data Book* and other DBEDT publications and information have been made available over the Internet at <http://www.hawaii.gov/dbedt/index.html>.

Beginning in March 2000, the printing of the entire *QSER* had been discontinued. The full version will be available on-line at <http://www.hawaii.gov/dbedt/qser/index.html> and a *QSER Executive Summary* at <http://www.hawaii.gov/dbedt/latest.html> and is available on request by fax or e-mail.

For further information about available data and sources, users should call the Research and Economic Analysis Division Library at (808) 586-2424.

This report has been catalogued as follows:

Hawaii. Dept. of Business, Economic Development and Tourism. Research and Economic Analysis Division.

Quarterly statistical and economic report-State of Hawaii. Honolulu: 1975-

Quarterly.

Hawaii-Statistics.

HA4007.H359

## STATE OF THE ECONOMY

Economic data show that Hawaii is continuing to recover from the effects of the extraordinary events of September 2001. Based on year-over-year growth rates for the second quarter 2002, Hawaii is improving in terms of wage and salary jobs, unemployment rate, general fund tax revenues, and visitor arrivals compared to the growth rates for the first quarter of 2001. However, the second quarter 2002 growth rates for the number of persons in the labor force and the total civilian employment are down from their first quarter levels.

Hawaii's civilian employment was down 1.0 percent in the second quarter of 2002 compared to the second quarter of 2001. This is the first quarterly decline since 1998. The unemployment rate also declined in the second quarter of 2002 from 4.6 percent in the same period last year to 4.4 percent, since the labor force declined faster than employment at 1.3 percent.

The number of wage and salary jobs was down 0.9 percent measured year-to-year for the second quarter. This is an improvement over the 1.2 percent decline recorded in the first quarter. Three industries accounted for most of the job losses between the first quarters of 2002 and 2001: Retail Trade; Transportation, Communication and Utilities; and Hotel jobs. These amounted to 3.3 percent, 9.7 percent and 6.1 percent decreases in those industries respectively. Increases were seen in construction (4.7 percent) and agriculture (4.2 percent).

Personal income rose 3.3 percent in the first quarter of 2002 compared to the first quarter of 2001, the period for which the most recent data are available. This represented a modest 1.3 percent increase over the previous quarter. Transfer

payments showed the highest rate of increase (8.4 percent) followed by other labor income (6.8 percent), wages and salaries (2.7 percent), proprietors' income (2.0 percent) and dividends, interest, and rent (0.8 percent). Most industries saw year-to-year quarterly increases in earnings with the exception of Manufacturing, Transportation, and Trade.

Tax revenues distributed to the State general fund were down 7.4 percent for the second quarter of 2002 compared to the second quarter of 2001. Revenues from the individual income tax decreased 10.3 percent in the second quarter of 2002 over the same quarter in 2001 and the general excise and use tax (GET) revenues fell by 1.8 percent over the same period. Transient Accommodations Tax (TAT) revenues decreased 11.8 percent.

The number of visitors arriving by air was down 6.0 percent comparing the second quarter of 2001 to that in 2002. This is an improvement from the 10.6 percent loss in the first quarter and 24.1 percent decline in the fourth quarter of 2001. Average daily visitor census numbers were down 3.5 percent in the first quarter. Hotel occupancy rates were also lower, decreasing from 70.0 percent in the second quarter of 2001 to 67.5 percent in that quarter of 2002.

Indicators of Hawaii construction industry activity were positive in the second quarter of 2002. The contracting tax base increased by 11.6 percent while total private authorizations increased 3.2 percent. Construction jobs were up 4.7 percent.

Hawaii bankruptcy filings decreased by 17.2 percent in the second quarter of 2002. U.S. filings were at record numbers.

## OUTLOOK FOR THE ECONOMY

In the second quarter of 2002, Hawaii continued to consolidate the recovery gains begun in the previous two quarters. While not all indicators are positive, the overall gains still support cautious optimism for the future. Visitor arrivals continue to climb toward their previous level, jobs growth is progressing, and construction remains strong. It is from this relatively positive position that the current outlook is made.

It should be noted that current forecasts assume that military and domestic security issues will continue to be addressed effectively and that no new catastrophic event will retard the economic recovery. With that in mind, it appears that the outlook for Hawaii's economy is continuing to improve.

Hawaii's recovery is expected to be a function of the recovery of its visitor markets and of U. S. and international economic performance. There has been a softening of consensus projections of U.S. economic performance during the last few months. The Blue Chip Economic Forecast, which is based on an average of 50 major U.S. forecasts, has adjusted the forecast for growth in real U.S. GDP in 2002 from 2.8 percent forecast in May through July to 2.3 percent in the August and September issues. The Blue Chip Forecast for real U.S. GDP in 2003 has also been adjusted downward from 3.6 percent to 3.2 percent.

Expectations are for Japan's economy to remain weak. Japan's real GDP

declined at a 0.2 percent rate in 2001. For 2002, the Blue Chip Forecast expects Japan's economy to show a further 0.5 percent decline in GDP recovering to a 0.9 increase in real GDP in 2003.

In the absence of any new shocks to the confidence of travelers, Hawaii visitor counts are expected to continue to improve. In 2002, total visitor arrivals are predicted to grow 3.5 percent and visitor expenditures are forecast to increase 3.4 percent from their depressed state during 2001, but these gains would not bring total arrivals for the year 2002 back to 2000 levels.

Total wage and salary jobs in the state are now expected to finish 2002 at 0.2 percent below the 2001 total. After inflation, real personal income is forecast to show a 1.9 percent increase while real GSP is expected to grow by 1.7 percent. Because of recent reductions in national inflation rate forecasts, Hawaii's CPI is projected not to increase above 1.5 percent for the next two years. The GSP deflator, which is estimated based on the Blue Chip U.S. GDP projection, is forecast to reach 2.1 percent in 2003 and then decline.

The forecast expects all sectors of the state's economy to attain pre-September 11<sup>th</sup> levels or better by the second half of 2003. Visitor arrivals are forecast to increase by about 6.3 percent in 2003 and bring the total visitor count for the year back up to the year 2000 level. This will help the overall total wage and salary job count manage a 1.4 percent increase for 2003.

**ACTUAL AND FORECAST KEY ECONOMIC INDICATORS FOR HAWAII:  
2000 TO 2005**

<b>Economic Indicators</b>	<b>2000 (Actual)</b>	<b>2001 (Actual)</b>	<b>2002 (Forecast)</b>	<b>2003 (Forecast)</b>	<b>2004 (Forecast)</b>	<b>2005 (Forecast)</b>
Total population (thousands)	1,212.3	1,224.4	1,236.6	1,249.0	1,261.5	1,274.1
Visitor arrivals (thousands)	6,948.6	6,303.8	6,524.4	6,935.5	7,106.3	7,269.8
Visitor expenditures (million dollars)	10,918.1	10,121.2	10,465.3	11,260.7	11,733.6	12,238.2
Honolulu CPI-U (1982-84=100)	176.3	178.4	180.5	183.3	186.2	189.5
Personal income (million dollars)	34,308.2 r	35,509.6 r	36,610.4	37,891.8	39,293.8	40,786.9
Personal income (\$1996 million)	33,218.4 r	33,976.9 r	34,614.8	35,285.1	36,013.5	36,744.0
Total wage & salary jobs (thousands)	559.2	561.0	559.8	567.7	576.7	587.1
Gross state product (million dollars)	42,364.0	44,186.9 p	45,689.3	47,425.5	49,322.5	51,295.4
Real gross state product (\$1996 million)	38,582.9	39,223.3 p	39,879.0	40,542.9	41,312.3	42,122.4
Gross state product deflator (1996=100)	109.8	112.7 p	114.6	117.0	119.4	121.8
<b>Annual Percentage Change</b>						
Total population (thousands)	0.2	1.0	1.0	1.0	1.0	1.0
Visitor arrivals (thousands)	3.1	-9.3	3.5	6.3	2.5	2.3
Visitor expenditures (million dollars)	6.2	-7.3	3.4	7.6	4.2	4.3
Honolulu CPI-U (1982-84=100)	1.7	1.2	1.2	1.5	1.6	1.7
Personal income (million dollars)	5.3 r	3.5 r	3.1	3.5	3.7	3.8
Personal income (\$1996 million)	3.5 r	2.3 r	1.9	1.9	2.1	2.0
Total wage & salary jobs (thousands)	3.0	0.3	-0.2	1.4	1.6	1.8
Gross state product (million dollars)	4.6	4.3 p	3.4	3.8	4.0	4.0
Real gross state product (\$1996 million)	1.9	1.7 p	1.7	1.7	1.9	2.0
Gross state product deflator (1996=100)	2.7	2.6 p	1.7	2.1	2.1	2.0

p Preliminary.

r Revised. Personal Income above was revised using U.S. Bureau of Economic Analysis, Annual State Personal Income 1999-2001 released on September 23, 2002. The personal income estimates in the *QSER, September 2002* Tables B-1 through B-8 are based on BEA's Quarterly State Personal Income <<http://www.bea.doc.gov/bea/regional/sqpi/>> released on July 24, 2002. That quarterly data will be revised on October 24, 2002.

Source: Hawaii State Department of Business, Economic Development & Tourism, September 26, 2002.

## COUNTY ECONOMIC CONDITIONS

The four counties are showing some differences and some similarities in their responses to the recent economic dislocations.

Among the similarities is the fact that labor force declined in all four counties. For the second quarter 2002 over the second quarter of 2001 the City and County of Honolulu labor force declined by 1.1 percent (Table 2), the labor force in Hawaii County decreased by 1.7 percent (Table 3), the Maui County labor force decreased by 0.9 percent (Table 3), and the labor force in Kauai County decreased by 3.3 percent (Table 5).

Civilian employment was also down in all four counties in the second quarter of 2002. Employment declined at the highest rate on Kauai with a 1.3 percent decrease followed closely by a 1.2 percent decrease in the City and County of Honolulu. Year-over-year civilian employment for the second quarter fell by 0.7 percent in Maui County and 0.4 percent in Hawaii County.

Another similarity among the counties is the general loss and gain pattern of wage and salary jobs. Only Hawaii County saw an overall increase in total jobs. All counties lost jobs (or had no gain) in Manufacturing; Transportation, Communication, and Utilities (probably mostly transportation); Trade; and Hotels. All counties gained jobs in Construction, Health Services and State Government. The job losses are attributable to the lingering local and international effects of the attacks of September 11, 2001. The job gains reflect Hawaii's relatively strong real estate market, our aging population, and the need to increase Hawaii's special education capacity.

The most notable feature of the Honolulu jobs situation is the magnitude of

the losses in Transportation and Hotels, 11.5 percent and 8.8 percent respectively. In Hawaii County, the noteworthy movement is the 10.0 percent year-over-year growth in Health Service jobs and the overall increase in total jobs. Maui shows a remarkable 35.3 percent growth in Agricultural jobs and 10.3 percent growth in Construction. The number of jobs on Kauai changed moderately for most industries with Business Services standing out with a 7.7 percent decline.

The counties differ in the second quarter movements of their unemployment rates. Unemployment was down significantly in Kauai County (-2.0 percentage points) and Hawaii County (-1.3 percentage points) from the second quarter of 2001. The unemployment rate remained the same as the prior year on Maui at 4.4 percent. The unemployment rate was the lowest of any county in Honolulu at 3.9 percent, but it was up slightly from the previous year's second quarter by 0.1 percentage point.

Visitor arrivals by air were below their second quarter 2001 levels in all counties during the second quarter of 2002. Arrivals declined the most in Maui and Kauai Counties (7.5 percent) and declined the least in Hawaii County (3.5 percent).

General excise tax revenue growth was negative in Maui County (-2.4 percent) and the City and County of Honolulu (-2.6 percent) and positive in Kauai County (5.6 percent) and Hawaii County (5.1 percent). Individual income tax collections were negative in all counties. The transient accommodations tax was up 22.8 percent on Kauai and down in the other counties. It should be noted, however, that taxes are reported by company headquarters and may not reflect economic activity in the county.

**Table 1. 2002 SELECTED ECONOMIC ACTIVITIES: STATE OF HAWAII**

SERIES	UNIT	2nd QUARTER 2002		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	597,800	-1.3	600,750	-0.3
Civilian employment	Persons	571,750	-1.0	573,800	-0.5
Civilian unemployment	Persons	26,050	-6.0	26,950	3.7
Unemployment rate 2/	%	4.4	-0.2	4.5	0.2
Total wage & salary jobs 1/	Jobs	559,800	-0.9	557,500	-1.1
Total non-agric. wage & salary jobs	Jobs	552,300	-1.0	550,000	-1.1
Contract construction	Jobs	24,700	4.7	24,300	2.5
Manufacturing	Jobs	17,750	-1.4	17,650	-1.4
Transport., comm., utilities	Jobs	38,950	-9.7	38,800	-9.9
Trade	Jobs	132,450	-3.3	132,300	-3.5
Retail	Jobs	111,900	-3.6	112,000	-3.7
Finance, insur., & real estate	Jobs	33,000	0.9	32,950	1.2
Services & miscellaneous	Jobs	185,300	-1.0	184,600	-1.0
Hotels	Jobs	36,750	-6.1	36,800	-6.5
Health	Jobs	38,000	2.6	37,800	2.3
Business	Jobs	31,850	2.1	31,600	1.8
Government	Jobs	120,200	3.3	119,500	3.5
Federal	Jobs	30,050	-0.3	29,950	-0.7
State	Jobs	73,400	5.3	72,800	5.8
Local	Jobs	16,750	1.2	16,750	1.8
Agriculture wage & salary jobs 1/	Jobs	7,450	4.2	7,500	4.2
State general fund revenues	\$1,000	757,798	-7.4	1,519,720	-7.5
General excise and use tax revenues	\$1,000	400,462	-1.8	796,258	-5.7
Income-individual	\$1,000	255,030	-10.3	521,418	-5.2
Declaration of estimated taxes	\$1,000	75,652	-22.8	132,875	-13.4
Payment with returns	\$1,000	77,080	2.4	93,650	8.4
Withholding tax on wages	\$1,000	255,403	3.1	519,137	0.3
Refunds	\$1,000	153,105	12.0	224,244	8.3
Transient accommodations tax	\$1,000	40,765	-11.8	76,684	-18.1
Visitor arrivals by air	Persons	1,574,301	-6.0	3,107,904	-8.3
Domestic flight visitors	Persons	1,110,727	-1.7	2,152,732	-2.6
International flight visitors	Persons	463,574	-14.8	955,172	-19.0
Hotel occupancy rates 2/	%	67.5	-3.2	69.1	-6.6

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2000.

2/ Change represents absolute change in rates rather than percentage change in rates

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation  
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by  
Hawaii State Department of Business, Economic Development & Tourism.

**Table 2. 2002 SELECTED ECONOMIC ACTIVITIES:  
CITY AND COUNTY OF HONOLULU**

SERIES	UNIT	2ND QUARTER 2002		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	424,550	-1.1	426,600	-0.3
Civilian employment	Persons	407,800	-1.2	409,000	-0.7
Civilian unemployment	Persons	16,750	0.6	17,550	11.4
Unemployment rate 2/	%	3.9	0.1	4.1	0.4
Total wage & salary jobs 1/	Jobs	412,800	-1.1	410,850	-1.3
Total non-agric. wage & salary jobs	Jobs	410,600	-1.0	408,700	-1.3
Contract construction	Jobs	17,300	3.9	17,050	1.5
Manufacturing	Jobs	14,000	-1.1	13,900	-0.7
Transport., comm., utilities	Jobs	30,000	-11.5	29,800	-11.8
Trade	Jobs	94,700	-3.4	94,650	-3.8
Retail	Jobs	78,350	-3.7	78,500	-3.9
Finance, insur., & real estate	Jobs	26,750	0.9	26,650	0.8
Services & miscellaneous	Jobs	131,750	-0.6	131,150	-0.9
Hotels	Jobs	15,050	-8.8	15,000	-9.6
Health	Jobs	30,500	1.8	30,350	1.5
Business	Jobs	26,900	2.5	26,750	1.9
Government	Jobs	96,100	3.2	95,550	3.4
Federal	Jobs	28,100	-0.5	28,000	-0.9
State	Jobs	56,600	5.5	56,100	6.1
Local	Jobs	11,400	0.9	11,450	1.8
Agriculture wage & salary jobs 1/	Jobs	2,200	-6.4	2,150	-8.5
General excise and use tax revenues	\$1,000	324,010	-2.6	645,239	-6.5
Income-individual	\$1,000	231,187	-6.9	463,673	-2.7
Declaration of estimated taxes	\$1,000	55,429	-26.4	93,864	-17.1
Payment with returns	\$1,000	63,645	13.5	77,794	19.9
Withholding tax on wages	\$1,000	225,395	3.7	458,573	1.1
Refunds	\$1,000	113,282	12.8	166,558	7.1
Transient accommodations tax	\$1,000	29,521	-15.1	55,153	-21.8
Visitor arrivals by air	Persons	1,061,090	-6.1	2,060,538	-10.2
Domestic flight visitors	Persons	632,447	-0.3	1,215,782	-1.4
International flight visitors	Persons	428,643	-13.6	844,756	-20.4
Hotel occupancy rates 2/	%	67.6	-1.6	69.3	-5.8

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.



**Table 3. 2002 SELECTED ECONOMIC ACTIVITIES: HAWAII COUNTY**

SERIES	UNIT	2ND QUARTER 2002		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	70,900	-1.7	71,100	-0.9
Civilian employment	Persons	66,400	-0.4	66,850	0.1
Civilian unemployment	Persons	4,500	-18.2	4,250	-14.1
Unemployment rate 2/	%	6.3	-1.3	6.0	-0.9
Total wage & salary jobs 1/	Jobs	57,050	0.4	56,950	0.4
Total non-agric. wage & salary jobs	Jobs	54,700	0.6	54,550	0.8
Contract construction	Jobs	3,150	3.3	3,150	3.3
Manufacturing	Jobs	1,550	-3.1	1,600	0.0
Transport., comm., utilities	Jobs	2,750	-3.5	2,750	-3.5
Trade	Jobs	13,450	-1.5	13,450	-1.5
Retail	Jobs	11,250	-1.7	11,250	-1.7
Finance, insur., & real estate	Jobs	2,350	4.4	2,350	4.4
Services & miscellaneous	Jobs	19,800	-0.3	19,750	-0.5
Hotels	Jobs	6,900	-2.8	6,950	-2.8
Health	Jobs	3,300	10.0	3,300	10.0
Business	Jobs	2,150	2.4	2,150	2.4
Government	Jobs	11,550	4.1	11,550	4.5
Federal	Jobs	1,050	5.0	1,050	5.0
State	Jobs	8,250	4.4	8,200	4.5
Local	Jobs	2,250	0.0	2,300	2.2
Agriculture wage & salary jobs 1/	Jobs	2,400	-4.0	2,450	-5.8
General excise and use tax revenues	\$1,000	29,990	5.1	59,873	-0.1
Income-individual	\$1,000	10,285	-35.8	26,691	-16.3
Declaration of estimated taxes	\$1,000	7,275	-17.6	15,414	-3.4
Payment with returns	\$1,000	5,621	-25.5	6,606	-22.9
Withholding tax on wages	\$1,000	13,132	2.8	26,489	-0.7
Refunds	\$1,000	15,744	19.8	21,819	13.0
Transient accommodations tax	\$1,000	2,652	-5.8	5,596	-4.6
Visitor arrivals by air	Persons	293,714	-3.5	604,249	-3.4
Domestic flight visitors	Persons	227,839	3.0	454,216	0.2
International flight visitors	Persons	65,875	-20.8	150,033	-12.8
Hotel occupancy rates 2/	%	56.9	-3.6	62.2	-7.5

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

**Table 4. 2002 SELECTED ECONOMIC ACTIVITIES: MAUI COUNTY**

SERIES	UNIT	2ND QUARTER 2002		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	73,500	-0.9	73,950	0.4
Civilian employment	Persons	70,300	-0.7	70,550	0.1
Civilian unemployment	Persons	3,250	-1.5	3,400	7.9
Unemployment rate 2/	%	4.4	0.0	4.6	0.3
Total wage & salary jobs 1/	Jobs	63,600	-0.9	63,450	-0.5
Total non-agric. wage & salary jobs	Jobs	61,300	-1.8	61,150	-1.6
Contract construction	Jobs	3,200	10.3	3,100	6.9
Manufacturing	Jobs	1,700	-5.6	1,750	-5.4
Transport., comm., utilities	Jobs	4,350	-6.5	4,400	-4.3
Trade	Jobs	16,950	-4.2	16,950	-4.0
Retail	Jobs	15,500	-4.6	15,500	-4.3
Finance, insur., & real estate	Jobs	2,800	0.0	2,800	0.0
Services & miscellaneous	Jobs	23,950	-2.8	24,000	-2.2
Hotels	Jobs	11,050	-4.7	11,150	-4.3
Health	Jobs	2,550	2.0	2,550	2.0
Business	Jobs	2,200	-2.2	2,150	0.0
Government	Jobs	8,300	4.4	8,200	4.5
Federal	Jobs	550	0.0	550	0.0
State	Jobs	5,800	6.4	5,750	5.5
Local	Jobs	1,950	0.0	1,950	2.6
Agriculture wage & salary jobs 1/	Jobs	2,300	35.3	2,300	39.4
General excise and use tax revenues	\$1,000	34,007	-2.4	66,749	-5.6
Income-individual	\$1,000	9,841	-29.2	23,407	-20.4
Declaration of estimated taxes	\$1,000	9,021	-10.3	17,328	-1.1
Payment with returns	\$1,000	5,572	-20.3	6,619	-15.6
Withholding tax on wages	\$1,000	12,751	-1.7	25,398	-6.9
Refunds	\$1,000	17,502	8.5	25,937	11.6
Transient accommodations tax	\$1,000	6,362	-6.6	11,541	-15.4
Visitor arrivals by air 3/	Persons	524,612	-7.5	1,055,203	-7.5
Domestic flight visitors	Persons	449,749	-2.1	864,149	-2.8
International flight visitors	Persons	74,863	-30.4	191,054	-23.9
Hotel occupancy rates 2/ 3/	%	71.7	-3.7	72.9	-6.6

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2001.

2/ Change represents absolute change in rates rather than percentage change in rates

3/ Data represent Maui Island only.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation  
Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by  
Hawaii State Department of Business, Economic Development & Tourism.

**Table 5. 2002 SELECTED ECONOMIC ACTIVITIES: KAUAI COUNTY**

SERIES	UNIT	2ND QUARTER 2002		YEAR TO DATE	
		NUMBER	% CHANGE YEAR AGO	NUMBER	% CHANGE YEAR AGO
Civilian labor force 1/	Persons	28,900	-3.3	29,100	-1.9
Civilian employment	Persons	27,300	-1.3	27,400	-0.4
Civilian unemployment	Persons	1,600	-28.9	1,700	-20.9
Unemployment rate 2/	%	5.5	-2.0	5.8	-1.4
Total wage & salary jobs 1/	Jobs	26,350	-0.6	26,250	-0.2
Total non-agric. wage & salary jobs	Jobs	25,750	-0.6	25,650	0.0
Contract construction	Jobs	1,050	5.0	1,050	5.0
Manufacturing	Jobs	450	0.0	450	0.0
Transport., comm., utilities	Jobs	1,800	-2.7	1,800	0.0
Trade	Jobs	7,300	-2.7	7,300	-2.0
Retail	Jobs	6,800	-2.9	6,800	-2.2
Finance, insur., & real estate	Jobs	1,150	4.5	1,150	4.5
Services & miscellaneous	Jobs	9,800	-1.0	9,750	0.0
Hotels	Jobs	3,750	-2.6	3,700	-5.1
Health	Jobs	1,600	3.2	1,600	3.2
Business	Jobs	600	-7.7	600	0.0
Government	Jobs	4,250	3.7	4,200	2.4
Federal	Jobs	400	0.0	400	0.0
State	Jobs	2,750	1.9	2,700	0.0
Local	Jobs	1,100	4.8	1,100	4.8
Agriculture wage & salary jobs 1/	Jobs	600	0.0	650	0.0
General excise and use tax revenues	\$1,000	12,456	5.6	24,397	2.6
Income-individual	\$1,000	3,717	-39.5	7,647	-38.9
Declaration estimated taxes	\$1,000	3,928	2.5	6,269	-7.5
Payment with returns	\$1,000	2,241	-52.5	2,631	-48.6
With holding tax on wages	\$1,000	4,126	-9.8	8,677	-10.4
Refunds	\$1,000	6,578	-5.8	9,930	9.5
Transient accommodations tax	\$1,000	2,231	22.8	4,394	21.5
Visitor arrivals by air	Persons	250,091	-7.5	486,105	-7.2
Domestic flight visitors	Persons	219,115	-1.1	410,257	-3.5
International flight visitors	Persons	30,976	-36.6	75,848	-23.2
Hotel occupancy rates 2/	%	70.7	0.8	68.2	-3.4

1/ Labor force and jobs are based on monthly rounded data. Labor force data were rebenchmarked in April 2002.

2/ Change represents absolute change in rates rather than percentage change in rates.

Source: Hawaii State Department of Labor & Industrial Relations; Hawaii State Department of Taxation; Hawaii Visitors & Convention Bureau; and Smith Travel Research, PricewaterhouseCoopers LLP. Compiled by Hawaii State Department of Business, Economic Development & Tourism.

## A. LABOR FORCE AND JOBS

Hawaii's civilian employment declined by 1.0 percent in the second quarter of 2002 from the second quarter of 2001 (Table A-2) dropping from about 578 thousand persons employed to about 572 thousand. This second quarter decline followed no growth in the first quarter of 2002. The decline still leaves the second quarter of 2002 at a level only exceeded by the record level in 2001.

Civilian labor force was also down, decreasing by 1.3 percent or 7,650 persons over the second quarter of 2001 (Table A-1). It had been two and a half years since the last year-over-year decrease in Hawaii's labor force. It is possible that part of the labor force increase observed during 2001 was related to Federal Welfare Reform. In November 2001, the 60-month limit on welfare benefits expired for those people who were receiving benefits at the December 1996 effective date of the reform program. Several thousand Hawaii residents would have been required to enter the labor force in advance of November 2001.

The number of unemployed was 1,650 or 6.0 percent fewer than the second quarter of 2001. As a result of the number of unemployed declining by a greater percentage than the decline in the labor force (Table A-3), the unemployment rate declined from 4.6 percent to 4.4 percent both from the second quarter of 2001 to the second quarter 2002 and from the first quarter of 2002 to the second quarter of 2002 (Table A-4).

Total wage and salary jobs were down 0.9 percent measured year-to-year for the second quarter (Table A-5). The same three

industries that have accounted for most of the job losses since September 2001 continue to lead the overall decline in jobs. Between the second quarters of 2002 and 2001, Retail Trade is down 4,200 jobs (Table A-12), Transportation is down 3,750 jobs (Table A-9), and Hotel jobs are down 2,400 (Table A-16). These amounted to 3.6 percent, 11.3 percent and 6.1 percent decreases respectively.

Several other industries showed negative job growth in the second quarter of 2002 compared to the same period in 2001. Jobs declined in Manufacturing (-1.4 percent, Table A-8); Communication (-7.0 percent, Table A-10); and Wholesale Trade (-1.7 percent, Table A-13).

Private sector jobs increased in Construction, 4.7 percent (Table A-7); Finance, Insurance and Real Estate, 0.9 percent (Table A-14); Health Services, 2.6 percent; Business Services, 2.1 percent (Table 1); and Agriculture, 4.2 percent (Table A-20).

Total government jobs increased by 3.3 percent in the second quarter of 2002. Federal government jobs fell 0.3 percent from the second quarter of 2001 (Table A-17). State government jobs increased significantly from the second quarter of 2001 to the second quarter of 2002 both in number, 3,700, and in percent, 5.3 (Table A-18). More than 80 percent of this increase can be attributed to hiring by the Department of Education and the University of Hawaii. Local government jobs also increased but only by 1.2 percent or 200 jobs (Table A-19).

**Table A-5. TOTAL WAGE AND SALARY JOBS**

<i>Year</i>	<i>First Quarter</i>	<i>Second Quarter</i>	<i>Third Quarter</i>	<i>Fourth Quarter</i>	<i>Annual</i>
<b>Number of Jobs</b>					
1982	410,650	412,700	409,850	409,450	410,700
1983	413,450	414,750	419,700	421,700	417,400
1984 1/	419,600	425,750	422,300	426,300	422,900
1985	429,750	434,200	438,200	442,500	436,150
1986	442,700	445,750	448,950	457,450	448,700
1987	461,900	469,500	469,750	480,900	470,500
1988	480,150	486,600	487,250	498,150	488,050
1989	504,700	512,800	514,150	528,800	515,100
1990	528,850	537,950	536,150	548,700	537,950
1991	546,750	546,650	546,250	555,100	548,700
1992	552,300	554,000	548,350	553,700	552,100
1993	548,850	551,800	541,100	548,150	547,450
1994	543,450	546,050	538,900	548,300	544,200
1995	543,100	543,150	533,350	540,900	540,150
1996	538,400	538,850	533,350	541,950	538,150
1997	539,700	540,200	533,850	541,100	538,700
1998	537,000	540,450	535,550	542,350	538,800
1999	535,300	541,950	540,750	552,950	542,750
2000	550,250	559,850	557,600	569,200	559,200
2001	561,900	565,050	559,100	557,800	560,950
2002	555,250	559,800	(NA)	(NA)	(NA)
<b>Percentage Change from the Same Period in Previous Year</b>					
1982	-1.3	-1.5	-1.5	-1.1	-1.4
1983	0.7	0.5	2.4	3.0	1.6
1984 1/	1.5	2.7	0.6	1.1	1.3
1985	2.4	2.0	3.8	3.8	3.1
1986	3.0	2.7	2.5	3.4	2.9
1987	4.3	5.3	4.6	5.1	4.9
1988	4.0	3.6	3.7	3.6	3.7
1989	5.1	5.4	5.5	6.2	5.5
1990	4.8	4.9	4.3	3.8	4.4
1991	3.4	1.6	1.9	1.2	2.0
1992	1.0	1.3	0.4	-0.3	0.6
1993	-0.6	-0.4	-1.3	-1.0	-0.8
1994	-1.0	-1.0	-0.4	0.0	-0.6
1995	-0.1	-0.5	-1.0	-1.3	-0.7
1996	-0.9	-0.8	0.0	0.2	-0.4
1997	0.2	0.3	0.1	-0.2	0.1
1998	-0.5	0.0	0.3	0.2	0.0
1999	-0.3	0.3	1.0	2.0	0.7
2000	2.8	3.3	3.1	2.9	3.0
2001	2.1	0.9	0.3	-2.0	0.3
2002	-1.2	-0.9	(NA)	(NA)	(NA)

NA Not available.

Quarterly averages are computed by the Hawaii State Department of Business, Economic Development & Tourism from the Hawaii State Department of Labor & Industrial Relations monthly rounded data

1/ Quarterly data contain monthly unrevised numbers.

Source: Hawaii State Department of Labor & Industrial Relations.

## B. INCOME AND PRICES

Hawaii's total personal income grew at a moderate rate during the first quarter of 2002 (the period for which the latest data are available from the Bureau of Economic Analysis) measured over the first quarter of 2001. Transfer payments showed the highest rate of increase followed by other labor income; wages and salaries; proprietors' income; and dividends, interest, and rent. There were year-to-year quarterly increases in earnings for most industries, but Manufacturing, Transportation, and Trade saw decreases (Table B-1).

Personal income rose 3.3 percent or \$1.1 billion in the first quarter of 2002 compared to the first quarter of 2001 (Table B-2), and is up 2.0 percent from the previous quarter. Wage and salary growth was considerable, considering the declines in civilian employment discussed in the previous section. Wages and salaries rose almost 540 million dollars or 2.7 percent in the first quarter of 2002 (Table B-3). Wages and salaries account for about 57 percent of personal income.

Other labor income, consisting of employer payments to retirement plans, private group health insurance plans, private workers compensation plans, and other such benefits, rose by 6.8 percent in the first quarter of 2002 compared to 2001 (Table B-4).

Proprietors' income, the income most closely related to entrepreneurial activity, grew by just 2.0 percent in the first quarter of

2002 compared to the first quarter of 2001 (Table B-5).

Dividends, interest, and rent increased by 0.8 percent in the first quarter of 2002 compared with the 0.2 percent loss in the previous quarter (Table B-6). Transfer payments grew by almost \$360 million or 8.4 percent for the quarter (Table B-7).

The private sector had mixed earnings results. Earnings increased in Finance, Insurance and Real Estate (FIRE) and Services, but decreased in Transportation and Public Utilities, Manufacturing and Trade. In dollar terms, the largest increases came in Services with a \$190 million increase, or 2.5 percent, followed by FIRE at \$123 million or 6.3 percent (Table B-1). Earnings declined by \$176 million or 8.7 percent in Transportation and Public Utilities and were down \$73 million or 2.6 percent in Retail Trade.

Earnings increased by 11.0 percent in the public sector, largely because of the 14.5 percent increase in the State and Local Government component. Federal military earnings increased by 11.9 percent.

The inflation rate remained low in Hawaii during the first half of 2002. The Honolulu consumer price index rose by only 1.1 percent in the first half of 2002 compared to the same period in 2001 (Table B-9). This was lower than was expected for Honolulu and also lower than the 1.3 percent inflation experienced for the U.S. as a whole during the period.

**Table B-1. PERSONAL INCOME FOR HAWAII BY MAJOR SOURCES**

[In Millions of Dollars at Seasonally Adjusted Annual Rates]

Series	Annual average 2000	First Quarter 2001	Second Quarter 2001	Third Quarter 2001	Fourth Quarter 2001	Annual average 2001	First Quarter 2002	To First Quarter 2002 From		Annual average 2001 from 2000
								First Quarter 2001	Fourth Quarter 2001	
PERSONAL INCOME	33,763	34,653	34,705	35,127	35,090	34,894	35,784	3.3	2.0	3.3
Earnings By Place of Work	24,665	25,383	25,400	25,772	25,656	25,553	26,168	3.1	2.0	3.6
Wage and salary disbursements	19,256	19,819	19,814	20,124	20,002	19,940	20,356	2.7	1.8	3.6
Other labor income	2,799	2,917	2,919	2,974	3,001	2,953	3,113	6.7	3.7	5.5
Proprietors' income	2,609	2,646	2,666	2,673	2,653	2,660	2,699	2.0	1.7	1.9
Farm proprietors' income	10	1	2	4	7	4	7	600.0	0.0	-64.1
Nonfarm proprietors' income	2,599	2,646	2,665	2,669	2,646	2,657	2,692	1.7	1.7	2.2
Dividends, interest, and rent	6,374	6,425	6,413	6,427	6,408	6,418	6,478	0.8	1.1	0.7
Transfer payments	4,089	4,269	4,321	4,383	4,476	4,362	4,627	8.4	3.4	6.7
Less: Pers. cont. for social insur.	1,365	1,424	1,429	1,456	1,448	1,439	1,490	4.6	2.9	5.5
Earnings By Industry	24,665	25,383	25,400	25,772	25,655	25,553	26,168	3.1	2.0	3.6
Farm Earnings	200	194	200	208	216	205	222	14.4	2.8	2.4
Nonfarm Earnings	24,465	25,189	25,200	25,564	25,439	25,348	25,946	3.0	2.0	3.6
Private Earnings	17,183	17,704	17,785	17,932	17,493	17,729	17,635	-0.4	0.8	3.2
Ag. serv., forestry, fishing & oth	149	149	149	156	149	151	153	2.7	2.7	1.0
Mining	26	27	26	26	26	26	27	0.0	3.8	1.0
Construction	1,472	1,541	1,487	1,489	1,481	1,500	1,541	0.0	4.1	1.9
Manufacturing	756	821	794	785	758	790	720	-12.3	-5.0	4.5
Transport. and public utilities	1,937	2,023	1,979	2,017	1,880	1,975	1,847	-8.7	-1.8	2.0
Wholesale trade	871	883	879	872	842	869	850	-3.7	1.0	-0.3
Retail trade	2,760	2,835	2,851	2,848	2,736	2,818	2,762	-2.6	1.0	2.1
Finance, insur., and real estate	1,964	1,945	2,043	2,086	2,034	2,027	2,068	6.3	1.7	3.2
Services	7,248	7,478	7,578	7,654	7,588	7,575	7,668	2.5	1.1	4.5
Gov't and gov't enterprises	7,282	7,485	7,415	7,632	7,946	7,620	8,311	11.0	4.6	4.6
Federal	4,342	4,527	4,535	4,577	4,645	4,571	4,926	8.8	6.0	5.3
Federal, civilian	1,960	2,031	2,042	2,059	2,048	2,045	2,132	5.0	4.1	4.3
Military	2,382	2,496	2,493	2,518	2,597	2,526	2,794	11.9	7.6	6.1
State and local	2,940	2,957	2,881	3,055	3,301	3,049	3,385	14.5	2.5	3.7

Source data for 2001Q1 to 2001Q4 have been revised.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, State Quarterly Personal Income, July 24, 2002 <<http://www.bea.gov/bea/regional/sqpi/>> and calculations by the Hawaii State Department of Business, Economic Development & Tourism.

**Table B-9. HONOLULU and U.S. CONSUMER PRICE INDEX,  
ALL URBAN CONSUMERS (CPI-U)  
[1982-84=100]**

Period	U.S.	Honolulu								
		All Items	Food & Beverages	Housing	Apparel & Upkeep	Transportation	Medical Care	Recreation 1/	Educ. & Comm. 1/	Other Goods & Services
1992	140.3	155.1	148.5	161.7	114.2	147.4	182.6	(NA)	(NA)	189.0
1993	144.5	160.1	152.9	166.5	116.5	150.5	197.4	(NA)	(NA)	200.1
1994	148.2	164.5	153.4	171.6	118.7	156.4	206.0	(NA)	(NA)	209.6
1995	152.4	168.1	156.8	174.7	117.5	162.4	209.8	(NA)	(NA)	216.8
1996	156.9	170.7	156.6	176.8	118.5	167.0	215.0	(NA)	(NA)	226.5
1997	160.5	171.9	159.2	177.1	117.3	166.2	217.3	(NA)	(NA)	239.0
1998	163.0	171.5	159.1	176.0	112.2	162.5	226.1	100.8	99.1	256.1
1999	166.6	173.3	162.9	175.8	105.4	162.2	231.3	101.9	104.5	275.6
2000	172.2	176.3	164.8	177.9	103.5	169.6	239.8	102.8	106.5	279.7
2001	177.1	178.4	169.5	179.1	101.0	174.5	2/	101.6	104.6	289.3
1995H1	151.5	166.9	156.5	173.4	118.1	160.0	207.8	(NA)	(NA)	214.4
H2	153.2	169.4	157.1	176.0	116.9	164.9	211.8	(NA)	(NA)	219.2
1996H1	155.8	170.5	156.9	176.8	120.0	166.3	214.9	(NA)	(NA)	220.6
H2	157.9	171.0	156.3	176.8	116.9	167.7	215.0	(NA)	(NA)	232.4
1997H1	159.9	172.1	159.4	177.3	119.8	167.8	215.6	(NA)	(NA)	232.5
H2	161.2	171.8	159.0	177.0	114.8	164.6	219.1	(NA)	(NA)	245.5
1998H1	162.3	172.0	160.0	176.3	116.4	163.2	222.5	101.4	98.9	254.3
H2	163.7	171.0	158.2	175.7	108.0	161.8	229.8	100.3	99.3	258.0
1999H1	165.4	172.7	162.4	175.5	106.0	162.3	231.0	101.3	102.6	273.9
H2	167.8	173.8	163.5	176.0	104.9	162.0	231.5	102.5	106.4	277.3
2000H1	170.8	175.9	165.5	177.3	104.5	167.7	235.9	103.1	107.3	277.5
H2	173.6	176.7	164.1	178.5	102.6	171.5	243.8	102.6	105.6	281.9
2001H1	176.6	178.1	168.3	178.8	99.7	176.0	246.1	102.1	103.5	287.5
H2	177.5	178.7	170.7	179.3	102.3	173.0	2/	101.1	105.8	291.1
2002H1	178.9	180.1	172.3	180.5	106.2	171.7	2/	99.9	106.9	299.1
Percentage Change from the Same Period in Previous Year										
1992	3.0	4.8	1.8	5.8	3.3	5.8	6.6	(NA)	(NA)	7.6
1993	3.0	3.2	3.0	3.0	2.0	2.1	8.1	(NA)	(NA)	5.9
1994	2.6	2.7	0.3	3.1	1.9	3.9	4.4	(NA)	(NA)	4.7
1995	2.8	2.2	2.2	1.8	-1.0	3.8	1.8	(NA)	(NA)	3.4
1996	3.0	1.5	-0.1	1.2	0.9	2.8	2.5	(NA)	(NA)	4.5
1997	2.3	0.7	1.7	0.2	-1.0	-0.5	1.1	(NA)	(NA)	5.5
1998	1.6	-0.2	-0.1	-0.6	-4.3	-2.2	4.0	(NA)	(NA)	7.2
1999	2.2	1.0	2.4	-0.1	-6.1	-0.2	2.3	1.1	5.4	7.6
2000	3.4	1.7	1.2	1.2	-1.8	4.6	3.7	0.9	1.9	1.5
2001	2.8	1.2	2.9	0.7	-2.4	2.9	2/	-1.2	-1.8	3.4
1995H1	2.9	2.1	3.2	1.8	-0.8	2.6	1.6	(NA)	(NA)	3.3
H2	2.6	2.2	1.2	1.9	-1.1	5.2	2.1	(NA)	(NA)	3.5
1996H1	2.8	2.2	0.3	2.0	1.6	3.9	3.4	(NA)	(NA)	2.9
H2	3.1	0.9	-0.5	0.5	0.0	1.7	1.5	(NA)	(NA)	6.0
1997H1	2.7	0.9	1.6	0.3	-0.2	0.9	0.3	(NA)	(NA)	5.4
H2	2.1	0.5	1.7	0.1	-1.8	-1.8	1.9	(NA)	(NA)	5.6
1998H1	1.5	-0.1	0.4	-0.6	-2.8	-2.7	3.2	(NA)	(NA)	9.4
H2	1.6	-0.5	-0.5	-0.7	-5.9	-1.7	4.9	(NA)	(NA)	5.1
1999H1	1.9	0.4	1.5	-0.5	-8.9	-0.6	3.8	-0.1	3.7	7.7
H2	2.5	1.6	3.4	0.2	-2.9	0.1	0.7	2.2	7.2	7.5
2000H1	3.3	1.9	1.9	1.0	-1.4	3.3	2.1	1.8	4.6	1.3
H2	3.5	1.7	0.4	1.4	-2.2	5.9	5.3	0.1	-0.8	1.7
2001H1	3.4	1.3	1.7	0.8	-4.6	4.9	4.3	-1.0	-3.5	3.6
H2	2.2	1.1	4.0	0.4	-0.3	0.9	2/	-1.5	0.2	3.3
2002H1	1.3	1.1	2.4	1.0	6.5	-2.4	2/	-2.2	3.3	4.0

Data on U.S. CPI are released monthly and Honolulu CPI, twice a year in February and August for the half (H) year previous.

NA Not available.

1/ New indexes as of January 1998. Base period is December 1997. The former "Entertainment" index has been discontinued.

2/ No data were available or data did not meet U.S. Bureau of Labor Statistics' publication criteria.

Source: U.S. Bureau of Labor Statistics, <<http://stats.bls.gov>>, Fax-on-Demand (415) 975-4567, and Information (415) 975-4350.

BLS Public Access: <<http://146.142.4.24/labjava/outside.jsp?survey=cu>> accessed August 16, 2002.

BLS Hono CPI News Releases, <<http://www.bls.gov/ro9/cpihono.htm>> accessed August 16, 2002.



## C. TAX REVENUES

Like the first quarter of 2002, second quarter State general fund tax revenues were down considerably from the second quarter of 2001. Receipts of all three of the major, broadly-based taxes -- net individual income tax, net corporate income tax, and general excise and use tax -- declined.

Tax revenues distributed to the State general fund were down 7.4 percent for the second quarter of 2002 over the second quarter of 2001 (Tables C-1 and C-2). For the 2002 fiscal year, total general fund revenues were down 3.5 percent from the previous fiscal year. It is likely that some of the revenue decrease can be attributed to the increased filing thresholds for withholding, GET, transient accommodations (TAT), and rental motor vehicle and tour vehicle surcharge tax returns granted by Act 8 of the 2001 Special Session. The Tax Department estimated that Act 8 would allow 38,000 GET taxpayers, 8,000 withholding taxpayers, and 2,700 TAT taxpayers to file less frequently.

During the second quarter of 2002, the general excise and use tax (GET) revenues fell by 1.8 percent over the second quarter of 2001 (Table C-3). This decline was generated entirely by a 13.9 percent drop in the tax base for Hotel Rentals (Table C-17). All three other GET tax base categories increased over the second quarter of 2001. Contracting was up by 11.6 percent (Table C-16), the Services tax base increased 5.6 percent (Tables C-15), and the Retailing tax base held steady with a 0.1 percent increase (Table C-14).

Revenues from the individual income tax decreased 10.3 percent in the second quarter of 2002 over the same quarter in 2001

(Table C-4). Net individual income tax revenue is the sum of four components. The overall decline was the result of a large 22.8 percent decrease in Declaration of Estimated Taxes (Table C-5) and a 12.0 percent increase in Refunds (Table C-8). The largest component, Withholding Tax on Wages, increased by 3.1 percent (Table C-7) compared to the second quarter of 2001. Also increasing its year-over-year contribution was Payment with Returns, increasing by 2.4 percent (Table C-6).

Net corporate income tax revenue decreased by 12.0 percent in the second quarter of 2002 compared to the year-earlier quarter (Table C-9). This reflects a 14.2 percent decrease in Declaration of Estimated Taxes - Corporate (Table C-10) compounded by a 15.3 percent increase in Refunds (Table C-12). This decrease was partially offset by an 18.6 percent increase in Payment with Returns - Corporate (Table C-11).

TAT revenue decreased 11.8 percent in the second quarter of 2002 (Table C-13). This decrease is related both to a decline in the average daily visitor census, which declined 4.6 percent in the second quarter of 2002, (Table D-1) and a decrease in average room rate.

The current projection of the State General Fund by the Council on Revenues (COR), as of September 6, 2002, is for a 6.1 percent increase in fiscal 2003 over fiscal 2002. This projection is for lower fiscal 2003 general fund revenues than were forecast by the COR in May 2002.

**Table C-1. GENERAL FUND TAX REVENUES AND MAJOR COMPONENTS**

Year		General Excise and Use Tax	Net Individual Income Tax 1/	Net Corporate Income Tax 2/	Tax Revenues Distributed to State General Fund
In Thousands of Dollars					
1990		1,250,203	743,114	86,269	2,246,752
1991		1,287,819	1,174,144	70,568	2,397,289
1992		1,299,814	922,206	42,737	2,523,670
1993		1,308,797	951,405	22,239	2,555,912
1994		1,347,945	1,003,480	34,228	2,672,291
1995		1,386,684	918,811	37,336	2,614,713
1996		1,469,766	995,456	51,243	2,799,972
1997		1,433,012	985,000	55,594	2,756,621
1998		1,436,654	1,093,241	50,112	2,889,291
1999		1,454,731	1,053,858	47,692	2,841,290
2000		1,611,446	1,080,371	67,650	3,067,622
2001		1,660,764	1,100,317	48,269	3,172,251
1999	1 Qtr.	369,292	238,606	7,428	686,437
	2 Qtr.	365,306	276,392	26,104	735,905
	3 Qtr.	372,436	277,965	14,119	735,969
	4 Qtr.	347,698	260,895	41	682,978
2000	1 Qtr.	422,222	247,130	17,358	765,790
	2 Qtr.	393,873	278,567	36,696	787,612
	3 Qtr.	400,698	285,983	9,985	774,265
	4 Qtr.	394,653	268,692	3,610	739,955
2001	1 Qtr.	436,888	265,833	17,932	825,236
	2 Qtr.	407,800	284,311	29,265	818,204
	3 Qtr.	406,543	289,424	11,224	789,091
	4 Qtr.	409,533	260,749	-10,152	739,719
2002	1 Qtr.	395,795	266,388	18,655	761,922
	2 Qtr.	400,462	255,030	25,751	757,798
Percentage Change from the Same Period in Previous Year					
1991		3.0	21.2	-18.2	6.7
1992		0.9	2.4	-39.4	5.3
1993		0.7	3.2	-48.0	1.3
1994		3.0	5.5	53.9	4.6
1995		2.9	-8.4	9.1	-2.2
1996		6.0	8.3	37.2	7.1
1997		-2.5	-1.1	8.5	-1.5
1998		0.3	11.0	-9.9	4.8
1999		1.3	-3.6	-4.8	-1.7
2000		10.8	2.5	41.8	8.0
2001		3.1	1.8	-28.6	3.4
1999	1 Qtr.	-1.5	-3.7	-29.9	-3.9
	2 Qtr.	4.7	-5.3	-14.2	-1.0
	3 Qtr.	3.4	-1.9	-8.8	-0.4
	4 Qtr.	-1.3	-3.5	100.6	-1.4
2000	1 Qtr.	14.3	3.6	133.7	11.6
	2 Qtr.	7.8	0.8	40.6	7.0
	3 Qtr.	7.6	2.9	-29.3	5.2
	4 Qtr.	13.5	3.0	8704.9	8.3
2001	1 Qtr.	3.5	7.6	3.3	7.8
	2 Qtr.	3.5	2.1	-20.3	3.9
	3 Qtr.	1.5	1.2	12.4	1.9
	4 Qtr.	3.8	-3.0	-381.2	0.0
2002	1 Qtr.	-9.4	0.2	4.0	-7.7
	2 Qtr.	-1.8	-10.3	-12.0	-7.4

These series represent data as reported by the Hawaii State Department of Taxation, without adjustment  
1/ Declaration of estimated taxes, plus payments with returns, plus withholding tax on wages, less refunds.  
Individual income tax rates changed effective January 1, 1999, 2001 and 2002.  
2/ Declaration of estimated taxes, plus payments with returns, less refunds.  
Source: Hawaii State Department of Taxation.

## D. TOURISM

In the second quarter of 2002, Hawaii's visitor industry continued to show improvement in its recovery following the September 11<sup>th</sup> attacks. Although both the number of visitor arrivals and the average daily visitor census were still down from the second quarter 2001, the decrease is not as great as the previous quarter. Hotel occupancy rates also remained below 2001 levels in the second quarter, but are relatively better than the first quarter.

The number of visitor arriving by air was down 6.0 percent in the second quarter of 2002 from the second quarter of 2001 (Tables D-1 and D-2). This is about 100,000 fewer visitors arrivals than in the second quarter of 2001.

Considering the origins of the visitors' flights, the number of travelers on domestic flights declined by 1.7 percent and the number on international flights fell by 14.8 percent comparing the second quarter of 2002 to the second quarter of 2001 (Tables D-3 and D-4).

Comparing visitors from different major market areas, the greatest absolute and relative decrease was in Japanese visitor arrivals which decreased by about 72,000 or 17.3 percent from the second quarter 2001 to the second quarter 2002 (Table D-7). Visitor arrivals from Japan were already declining from the peak in 1997, but had positive growth for 2000. Japanese arrivals declined in the first two quarters of 2001, but the rate was accelerated by the events of September

11<sup>th</sup>. The ongoing decline was a product of the recession in the Japanese economy and the weakening Yen.

In the second quarter, visitor arrivals from the U.S. West domestic market continued to lead the recovery by increasing 0.6 percent (Table D-5). Growth in U.S. East visitor arrivals continued to be negative at -4.5 percent over the period (Table D-6).

Average daily visitor census numbers were down 3.5 percent in the second quarter of 2002 (Table D-8). By flight direction, average daily visitor census was virtually unchanged for domestic visitors, but it was still down 14.4 percent for international visitors (Tables D-9 and D-10). The average daily census reflects both arrivals and length of stay. Average length of stay increased slightly for domestic visitors, but was down for international visitors in the second quarter (DBEDT Monthly Visitor Statistics).

Hotel occupancy rates also dropped slightly, decreasing from 70.0 percent in the second quarter of 2001 to 67.5 percent in the second quarter of 2002 (Table D-11).

Readers interested in reviewing visitor statistics on a monthly basis can find them at <http://www.hawaii.gov/dbedt/monthly/index.html>.

Readers interested in reviewing the most recent daily passenger arrival data can find them at <http://www.hawaii.gov/dbedt/special/index.html>.

**Table D-1. VISITOR ARRIVALS AND AVERAGE DAILY VISITOR CENSUS - BY AIR**

Year	Visitor Arrivals 1/			Average Daily Visitor Census		
	Total	Domestic	International	Total	Domestic	International
1990	6,723,531	4,315,161	2,408,370	154,517	113,066	41,450
1991	6,518,460	4,068,508	2,449,952	147,323	105,686	41,637
1992	6,473,669	3,791,945	2,681,724	152,249	106,589	45,660
1993	6,070,995	3,570,059	2,500,936	147,498	100,430	47,068
1994	6,364,674	3,813,279	2,551,395	156,630	107,904	48,726
1995	6,546,759	3,743,474	2,803,285	157,098	105,649	51,450
1996	6,723,141	3,794,113	2,929,028	158,297	106,404	51,892
1997	6,761,135	3,890,798	2,870,337	157,187	108,019	49,168
1998	6,595,790	4,014,140	2,581,650	157,389	112,068	45,320
1999	6,741,037	4,255,621	2,485,416	164,439	117,998	46,441
2000	6,948,595	4,446,936	2,501,659	168,637	123,441	45,196
2001	6,303,790	4,224,321	2,079,469	158,247	118,106	40,141
1998 1 Qtr.	1,668,494	973,221	695,273	168,313	117,377	50,936
2 Qtr.	1,616,987	1,035,106	581,881	148,818	110,319	38,499
3 Qtr.	1,724,849	1,040,587	684,262	158,423	111,721	46,701
4 Qtr.	1,585,460	965,226	620,234	154,146	108,952	45,193
1999 1 Qtr.	1,688,751	1,021,745	667,006	174,588	120,018	54,570
2 Qtr.	1,615,842	1,058,106	557,736	151,621	112,905	38,716
3 Qtr.	1,799,719	1,132,114	667,605	169,672	121,730	47,942
4 Qtr.	1,636,726	1,043,657	593,069	161,956	117,326	44,630
2000 1 Qtr.	1,720,922	1,070,247	650,675	175,797	124,638	51,158
2 Qtr.	1,739,432	1,165,262	574,171	164,816	125,173	39,642
3 Qtr.	1,818,701	1,159,909	658,792	171,435	126,075	45,360
4 Qtr.	1,669,539	1,051,518	618,021	162,537	117,911	44,626
2001 1 Qtr.	1,715,088	1,079,787	635,301	176,954	126,606	50,348
2 Qtr.	1,673,990	1,129,578	544,413	159,596	120,781	38,816
3 Qtr.	1,647,050	1,091,324	555,726	162,674	119,887	42,787
4 Qtr.	1,267,662	923,632	344,030	134,185	105,365	28,821
2002 1 Qtr.	1,533,603	1,042,005	491,598	162,109	122,194	39,915
2 Qtr.	1,574,301	1,110,727	463,574	154,044	120,823	33,220
Percentage Change from the Same Period in Previous Year						
1991	-3.1	-5.7	1.7	-4.7	-6.5	0.5
1992	-0.7	-6.8	9.5	3.3	0.9	9.7
1993	-6.2	-5.9	-6.7	-3.1	-5.8	3.1
1994	4.8	6.8	2.0	6.2	7.4	3.5
1995	2.9	-1.8	9.9	0.3	-2.1	5.6
1996	2.7	1.4	4.5	0.8	0.7	0.9
1997	0.6	2.5	-2.0	-0.7	1.5	-5.2
1998	-2.4	3.2	-10.1	0.1	3.7	-7.8
1999	2.2	6.0	-3.7	4.5	5.3	2.5
2000	3.1	4.5	0.7	2.6	4.6	-2.7
2001	-9.3	-5.0	-16.9	-6.2	-4.3	-11.2
1998 1 Qtr.	-2.1	2.2	-7.5	5.6	9.4	-2.4
2 Qtr.	0.0	7.1	-10.5	-2.3	2.5	-13.8
3 Qtr.	-4.1	1.9	-12.0	-4.2	-0.7	-11.6
4 Qtr.	-3.4	1.6	-10.3	1.6	4.1	-3.8
1999 1 Qtr.	1.2	5.0	-4.1	3.7	2.3	7.1
2 Qtr.	-0.1	2.2	-4.1	1.9	2.3	0.6
3 Qtr.	4.3	8.8	-2.4	7.1	9.0	2.7
4 Qtr.	3.2	8.1	-4.4	5.1	7.7	-1.2
2000 1 Qtr.	1.9	4.7	-2.4	0.7	3.8	-6.3
2 Qtr.	7.6	10.1	2.9	8.7	10.9	2.4
3 Qtr.	1.1	2.5	-1.3	1.0	3.6	-5.4
4 Qtr.	2.0	0.8	4.2	0.4	0.5	0.0
2001 1 Qtr.	-0.3	0.9	-2.4	0.7	1.6	-1.6
2 Qtr.	-3.8	-3.1	-5.2	-3.2	-3.5	-2.1
3 Qtr.	-9.4	-5.9	-15.6	-5.1	-4.9	-5.7
4 Qtr.	-24.1	-12.2	-44.3	-17.4	-10.6	-35.4
2002 1 Qtr.	-10.6	-3.5	-22.6	-8.4	-3.5	-20.7
2 Qtr.	-6.0	-1.7	-14.8	-3.5	0.0	-14.4

1/ Staying overnight or longer.

Source: Hawaii State Department of Business, Economic Development & Tourism.

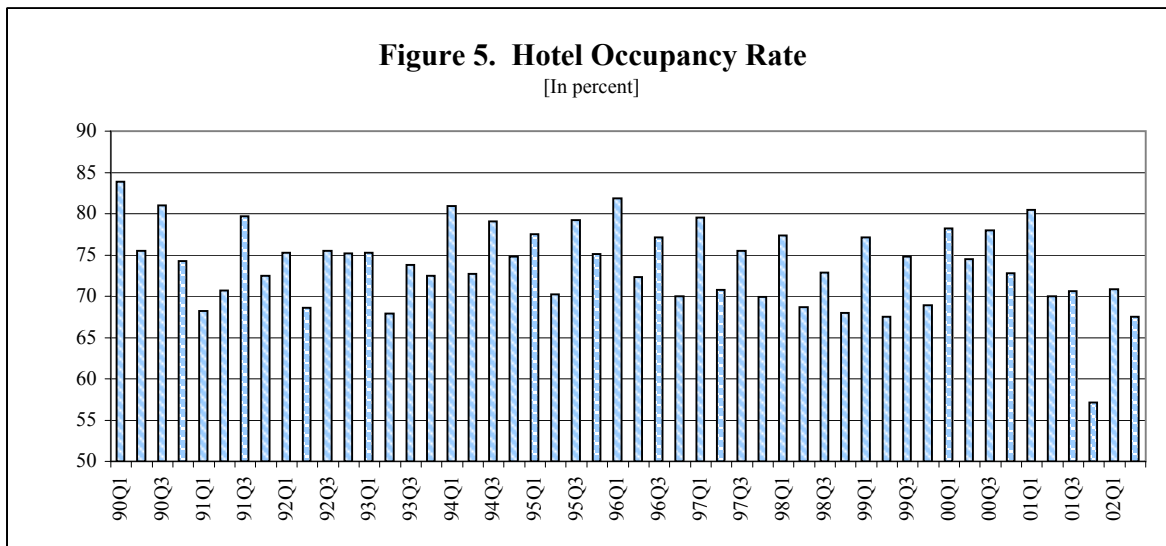
**Table D-11. HOTEL OCCUPANCY RATE**

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Annual
In Percent					
1982	79.0	65.9	70.9	66.7	70.4
1983	75.2	68.1	71.7	66.5	69.7
1984	84.0	75.6	74.6	75.1	76.0
1985	88.1	69.1	75.0	72.5	76.1
1986	87.0	78.8	79.9	76.8	81.7
1987	88.0	77.1	82.1	77.8	81.1
1988	81.7	75.1	81.3	75.1	78.5
1989	85.9	73.9	81.0	75.7	79.0
1990	83.9	75.5	81.0	74.3	78.8
1991	68.2	70.7	79.7	72.5	72.4
1992	75.3	68.6	75.5	75.2	72.7
1993	75.3	67.9	73.8	72.5	72.0
1994	80.9	72.7	79.1	74.8	76.5
1995	79.5	70.3	79.2	75.1	75.8
1996	81.9	72.3	77.1	70.0	75.2
1997	79.5	70.8	75.5	69.9	73.9
1998	77.4	68.7	72.9	68.0	71.5
1999	77.1	67.5	74.8	68.9	72.1
2000	78.2	74.5	78.0	72.8	76.0
2001	80.5	70.0	70.6	57.1	70.7
2002	70.8	67.5	(NA)	(NA)	(NA)

NA Not available.

Quarterly averages are computed by Hawaii State Department of Business, Economic Development & Tourism from PKF-Hawaii monthly averages through January 1995 and Hospitality Advisors LLC monthly averages from February 1995.

Sources: Hawaii State Department of Business, Economic Development & Tourism, PKF-Hawaii and Hospitality Advisors LLC



## E. CONSTRUCTION

Indicators of Hawaii construction industry activity were generally positive in the second quarter of 2002. The contracting tax base increased moderately as did private building authorizations in the second quarter of 2002 compared to last year's second quarter level. The value of government contracts awarded was down in the second quarter.

The contracting tax base, which means construction activity subject to the general excise tax, increased by 11.6 percent from the second quarter of 2001 to the second quarter of 2002 (Table E-1). The contracting tax base is a proxy for completed construction.

Government contracts awarded were down from the same quarter last year, decreasing 24.0 percent from the second quarter of 2001 to the second quarter of 2002 (Table E-1). State Capital Improvement Project expenditures (CIP) were up for the second quarter by 10.6 percent over the second quarter of 2001 (Table E-11).

The value of residential building permit authorizations was up 18.2 percent statewide for the second quarter of 2002 (Table E-1). The number of single family unit authorizations was up 11.2 percent (Table E-2). Multi-family units authorized were up 123.5 percent, but they account for a small share of the current residential construction market (Table E-3). Total private building permit authorizations for the State are up 3.2 percent for the second quarter of 2002. (Beginning in the first

quarter of 2002, Kauai permit value data are only for residential.) Honolulu's total private authorizations are up by 5.6 percent from the second quarter of 2001, Hawaii County authorizations increased 35.3 percent, Maui County was down 20.6 percent and Kauai residential was up 155.6 percent (Table E-6).

Median sale price for single family and condominium resales in Honolulu both increased in the second quarter of 2002 over the second quarter of 2001. Single family median value was up 11.9 percent to \$330,000 (Table E-7) and the median Honolulu condo price was up 11.1 percent to \$150,000 (Table E-8). The number of single family units resold increased by 13.4 percent (Table E-9) while the number of condo unit resales was up 22.0 percent (Table E-10).

Construction jobs statewide increased in the second quarter compared to 2001. Construction jobs were up 4.7 percent from the second quarter of 2001 to the second quarter of 2002 (Table 1, Table A-7). Construction jobs continued to grow in all counties: Hawaii County (3.3 percent, Table 3), the City and County of Honolulu (3.9 percent, Table 2), Kauai County (5.0 percent, Table 5) and Maui County (10.3 percent, Table 4).

In the second quarter of 2002, the Honolulu Construction Cost Index for Single Family Residences increased by 5 percent over the second quarter of 2001 (Table E-4). The comparable index for high-rise buildings rose by 3.9 percent (Table E-5).

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,  
NEW PRIVATE BUILDING AUTHORIZATIONS, AND  
GOVERNMENT CONTRACTS AWARDED**

Year	Contracting tax base 1/	Private Building Authorization 4/				Government
		Total Private Authorizations	Residential 4/	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
In Millions of Dollars						
1982	1,294.9	683.1	299.2	242.9	141.1	391.6
1983	1,353.4	685.2	296.2	203.2	185.9	275.0
1984	1,242.9	581.5	327.7	104.0	149.9	388.7
1985	1,367.7	888.9	500.1	208.8	180.1	248.9
1986	1,808.0	1,025.2	455.5	267.4	302.3	422.7
1987	2,003.1	1,161.9	507.0	344.4	310.5	370.9
1988	2,487.6	1,546.5	689.2	541.2	316.1	665.0
1989	3,112.8	1,882.4	910.7	561.8	409.9	725.2
1990	4,003.7	2,101.8	952.3	698.0	451.5	825.5
1991	4,334.1	2,151.8	1,192.0	556.2	403.7	729.4
1992	4,012.7	1,751.9	811.1	532.3	408.5	1,159.1
1993	3,803.6	1,505.4	742.1	308.0	455.3	651.8
1994	3,322.3	1,612.9	849.3	370.3	393.4	693.0
1995	3,133.5	1,531.3	745.5	368.3	417.5	490.2
1996	3,285.1	1,117.8	487.0	252.8	378.0	885.5
1997	2,944.4	1,179.2	542.5	264.5	372.2	615.6
1998	3,016.0	1,054.3	485.5	205.6	363.2	685.5
1999	2,991.2	1,320.2	628.8	306.2	385.3	584.8
2000 3/	3,613.5	1,512.6	800.1	246.2	466.2	810.9
2001 4/	3,766.4	1,585.7	882.4	329.1	374.2	715.7
1998 1 Qtr.	757.1	260.4	118.2	50.3	91.9	155.3
2 Qtr.	706.3	246.7	121.3	48.5	76.9	127.5
3 Qtr.	793.6	296.0	123.5	55.1	117.3	218.7
4 Qtr.	759.0	251.3	122.6	51.7	77.0	183.5
1999 1 Qtr.	732.1	342.9	141.6	125.0	76.3	177.3
2 Qtr.	737.0	314.3	153.4	72.4	88.5	104.6
3 Qtr.	758.1	314.1	151.1	63.9	99.0	147.1
4 Qtr.	764.0	348.9	182.6	45.0	121.4	155.8
2000 1 Qtr.	877.6	351.8	203.3	61.3	87.3	217.1
2 Qtr.	869.1	392.9	194.9	72.9	125.1	96.6
3 Qtr.	894.9	377.4	204.1	59.2	114.2	405.1
3/ 4 Qtr.	971.8	390.4	197.9	52.9	139.7	92.1
2001 1 Qtr.	920.5	362.5	186.3	96.6	79.6	178.0
2 Qtr.	918.4	423.6	234.3	77.9	111.5	175.7
3 Qtr.	893.2	421.0	256.3	68.3	96.4	113.1
4 Qtr.	1,034.3	378.6	205.6	86.3	86.7	248.9
2002 1 Qtr.	913.7	336.3	191.7	47.0	97.6	250.8
2 Qtr.	1,025.0	437.1	276.9	59.4	100.9	133.6

NA Not available.

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai County data for November consist of residential data only

4/ 2002 Kauai data available for residential only. Multi-family construction for Oahu were revised based on U.S. Census Bureau data.

Source: Hawaii State Department of Taxation; county building departments; First Hawaiian Bank;

*Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.

**Table E-1. ESTIMATED VALUE OF COMPLETED CONSTRUCTION,  
NEW PRIVATE BUILDING AUTHORIZATIONS, AND  
GOVERNMENT CONTRACTS AWARDED - Con.**

Year	Contracting tax base 1/	Private Building Authorization 4/				Government
		Total Private Authorizations	Residential 4/	Commercial & Industrial 2/	Additions & Alterations	Contracts Awarded
Percentage Change from the Same Period in Previous Year						
1982	-19.8	-14.8	-24.9	0.9	-13.4	-8.8
1983	4.5	0.3	-1.0	-16.3	31.8	-29.8
1984	-8.2	-15.1	10.6	-48.8	-19.4	41.3
1985	10.0	52.9	52.6	100.8	20.1	-36.0
1986	32.2	15.3	-8.9	28.1	67.9	69.8
1987	10.8	13.3	11.3	28.8	2.7	-12.3
1988	24.2	33.1	35.9	57.1	1.8	79.3
1989	25.1	21.7	32.1	3.8	29.7	9.1
1990	28.6	11.7	4.6	24.2	10.1	13.8
1991	8.3	2.4	25.2	-20.3	-10.6	-11.6
1992	-7.4	-18.6	-32.0	-4.3	1.2	58.9
1993	-5.2	-14.1	-8.5	-42.1	11.5	-43.8
1994	-12.7	7.1	14.4	20.2	-13.6	6.3
1995	-5.7	-5.1	-12.2	-0.5	6.1	-29.3
1996	4.8	-27.0	-34.7	-31.4	-9.5	80.6
1997	-10.4	5.4	11.4	4.4	-1.5	-30.5
1998	2.4	-10.5	-10.5	-22.1	-2.4	11.4
1999	-0.8	25.2	29.5	48.9	6.1	-14.7
2000 3/	20.8	14.6	27.2	-19.6	21.0	38.7
2001	4.2	4.8	10.3	33.7	-19.7	-11.7
1998 1 Qtr.	10.4	0.6	33.7	-30.9	-6.0	-14.6
2 Qtr.	-9.1	-42.0	-45.1	-48.2	-30.8	4.8
3 Qtr.	8.1	11.3	-7.0	17.7	35.9	8.9
4 Qtr.	1.6	10.2	22.1	0.7	1.0	64.9
1999 1 Qtr.	-3.3	31.7	19.8	148.5	-17.0	14.1
2 Qtr.	4.3	27.4	26.5	49.2	15.1	-18.0
3 Qtr.	-4.5	6.1	22.3	16.0	-15.6	-32.8
4 Qtr.	0.7	38.8	48.9	-13.0	57.7	-15.1
2000 1 Qtr.	19.9	2.6	43.6	-51.0	14.4	22.5
2 Qtr.	17.9	25.0	27.1	0.8	41.3	-7.7
3 Qtr.	18.0	20.2	35.1	-7.4	15.4	175.4
3/ 4 Qtr.	27.2	11.9	8.4	17.6	15.1	-40.9
2001 1 Qtr.	4.9	3.0	-8.3	57.6	-8.8	-18.0
2 Qtr.	5.7	7.8	20.2	6.9	-10.9	81.9
3 Qtr.	-0.2	11.5	25.6	15.6	-15.6	-72.1
4 Qtr.	6.4	-3.0	3.9	63.3	-37.9	170.3
2002 1 Qtr.	-0.7	-7.2	2.9	-51.3	22.6	40.9
2 Qtr.	11.6	3.2	18.2	-23.7	-9.5	-24.0

First Hawaiian Bank has discontinued compiling Government Contracts Awarded. Hawaii State Department of Business, Economic Development & Tourism has compiled preliminary estimates beginning with the fourth quarter 1997 based on data in *Building Industry*.

1/ Formerly, this category was "Value of Construction Completed", subject to revision by Hawaii State Department of Taxation.

2/ Includes hotels.

3/ Kauai data for November consist of residential data only.

4/ 2002 Kauai data available for residential only. Multi-family construction for Oahu were revised based on U.S. Census Bureau data.

Source: Hawaii State Department of Taxation; county building departments; First Hawaiian Bank; *Building Industry Magazine* (various issues) and tabulations by Hawaii State Department of Business, Economic Development & Tourism.



## F. OTHER INDICATORS

Hawaii bankruptcy filings declined in the second quarter of 2002 over the second quarter of 2001. This decrease continued the direction set in the first quarter of 2002 which had the first decline in bankruptcies in a year. Filings declined in all three Chapters.

The total number of bankruptcy filings decreased by 17.2 percent in the second quarter 2002 compared to the second quarter of 2001 (Table F-1).

Chapter 7 filings, the largest category, established the pattern for bankruptcies in Hawaii in the second quarter of 2002 by decreasing by over 200, or a decrease of 17.4 percent. Chapter 7 filings are intended to liquidate assets and discharge debt to provide the debtor with a fresh start.

Chapter 11 filings increased from 5 filings in the second quarter of 2001 to 4 filings in the second quarter of 2002 for a decrease of 20 percent. Chapter 11 filings

involve the structuring of repayment plans for companies.

Chapter 13 filings decreased 15.2 percent in the second quarter of 2002 over the second quarter of 2001. Chapter 13 bankruptcy allows debtors to work out repayment arrangements with creditors.

The decrease in Hawaii bankruptcy filings ran counter to the increase in filings for the nation as a whole. U.S. bankruptcy filings were up just slightly for the second quarter of 2002 compared with the second quarter 2001. This small increase was still enough, however, to make it a historic high for filings in any quarter. The twelve month period ending June 30, 2002 was the worst twelve month period on record for U.S. bankruptcies, up 8.6 percent to a little over 1.5 million. Quarterly U.S. bankruptcy statistics can be found at:

[http://www.uscourts.gov/Press\\_Releases/cy302bk.pdf](http://www.uscourts.gov/Press_Releases/cy302bk.pdf).

**Total Bankruptcy Filings (Chapters 7, 11, 12, and 13)**

